

**VILLAGE OF HARRISONBURG, LOUISIANA**

**Annual Financial Statements**

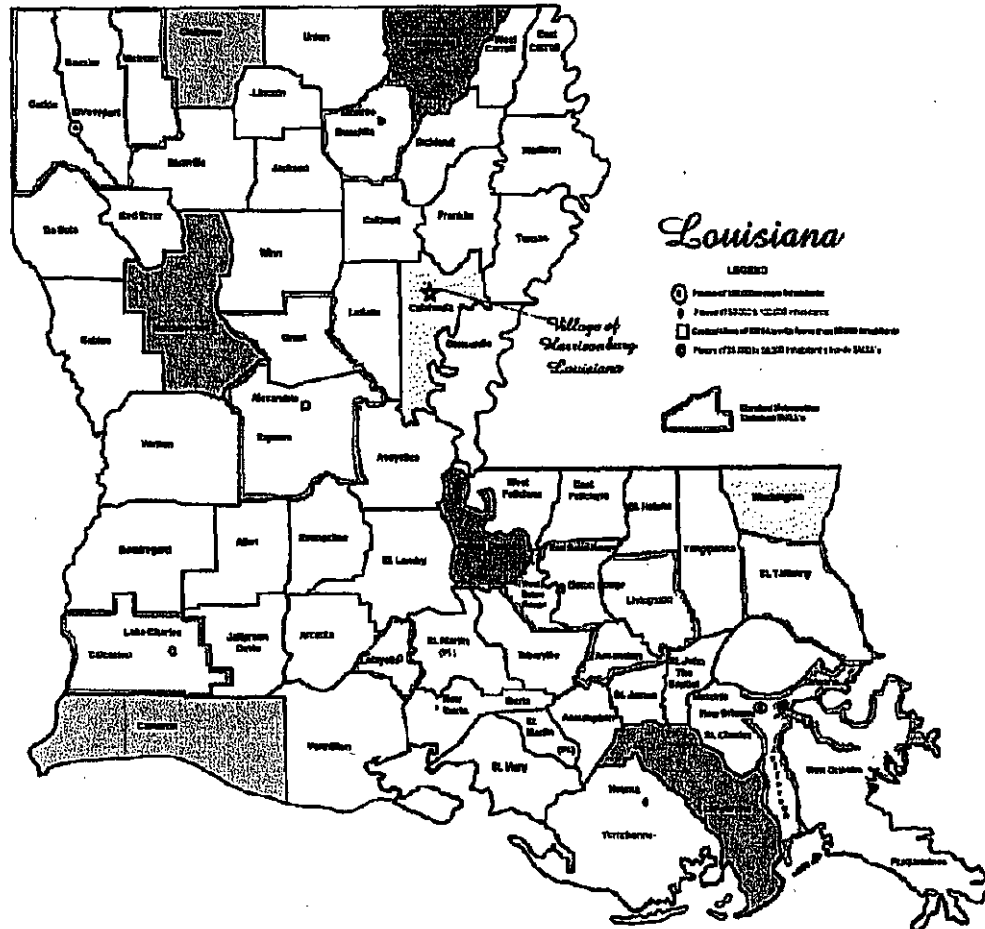
**JUNE 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

**JAN 18 2012**

# VILLAGE OF HARRISONBURG HARRISONBURG, LOUISIANA



✓ The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

**Village of Harrisonburg, Louisiana**  
**Table of Contents**  
**June 30, 2011**

	Schedule	Page
Independent Auditor's Report.....		1-2
Management's Discussion and Analysis.....		3-7
<b>Basic Financial Statements</b>		
Statement of Net Assets.....	A	9
Statement of Activities.....	B	10
Balance Sheet, Governmental Funds.....	C	11
Reconciliation of The Government Funds Balance Sheet to the Government- Wide Financial Statement of Net Assets.....	D	12
Statement of Revenues, Expenditures & Changes in Fund Balances – Governmental Funds.....	E	13
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	14
Statement of Net Assets, Proprietary Funds.....	G	15
Statement of Revenues, Expenses & Changes in Net Assets – Proprietary Funds.....	H	16
Statement of Cash Flows – Proprietary Funds.....	I	17
Statement of Fiduciary Net Assets.....	J	18
Notes to the Basic Financial Statements.....		19-28
<b>Required Supplemental Information</b>		
Statement of Revenues, Expenditures, & Changes in Fund Balance – Budget & Actual – General Fund.....	1	30
<b>Other Reports</b>		
Report on Compliance and On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....		32-33
Schedule of Findings and Questioned Costs.....		34-37
Management Letter Comments.....		38
Management's Summary of Prior Year Findings.....		39

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Michael Tubre, Mayor  
& Members of the Village Council  
Harrisonburg, Louisiana

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities and aggregate remaining fund information of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2011, which collectively comprises the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Harrisonburg, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and aggregate remaining fund information of the Village of Harrisonburg, Louisiana, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of the Village of Harrisonburg's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*John R. Vercher PC*

December 5, 2011

Jena, Louisiana

# **Village of Harrisonburg**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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As management of the Village, we offer readers of the Village of Harrisonburg's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

### **FINANCIAL HIGHLIGHTS**

#### ***Governmental Funds***

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$598,230 (*net assets*). This is a \$44,022 increase from last year.
- The Village had total revenue of \$188,526. This is a \$216,749 decrease from last year's revenues, mainly due to a decrease in grant monies in the amount of \$233,225.
- The Village had total expenditures of \$190,050, which is a \$204,251 decrease from last year, mainly due a decrease in capital outlay in the amount of \$216,829.

#### ***Enterprise Funds***

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$1,899,171 (*net assets*). This is a \$150,603 decrease from last year.
- The Village had total revenue of \$647,760. This is a \$235,359 decrease from last year, mainly due to a decrease in capital grants in the amount of \$72,677 and a decrease in charges for services in the amount of \$69,077.
- The Village had total expenses of \$778,413. This is a \$39,650 decrease from last year, mainly due to a decrease in administration in the amount of \$65,454.

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## MD&A

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

### FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

## MD&A

### Governmental Funds

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2011:

	2010	2011	% Change
<b>Assets</b>			
Cash & Investments	\$ 97,092	\$ 111,929	15.3
Receivables (Net)	191,304	6,630	-96.5
Capital Assets, Net of Accumulated Depreciation	460,258	485,854	5.6
<b>Total Assets</b>	<u>748,654</u>	<u>604,413</u>	19.3
<b>Liabilities &amp; Net Assets</b>			
Accounts, Salaries, & Other Payables	194,446	6,183	-96.8
Due To Other Funds	-0-	-0-	0.0
Loans Payable	-0-	-0-	0.0
<b>Total Liabilities</b>	<u>194,446</u>	<u>6,183</u>	-96.8
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	460,258	485,854	5.6
Unrestricted	93,950	112,376	19.6
<b>Total Net Assets</b>	<u>\$ 554,208</u>	<u>\$ 598,230</u>	7.9

The following table reflects the condensed Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2011:

	2010	2011	% Change
<b>Beginning Fund Balances</b>	\$ 75,867	\$ 93,950	23.8
<b>Total Revenues</b>	405,275	188,526	-53.5
<b>Total Expenditures</b>	(394,301)	(190,050)	-51.8
<b>Total Transfers In (Out)</b>	7,109	19,950	180.6
<b>Increase (Decrease) in Fund Balances</b>	<u>18,083</u>	<u>18,426</u>	1.9
<b>Ending Fund Balances</b>	<u>\$ 93,950</u>	<u>\$ 112,376</u>	30.3



## MD&A

### Enterprise Funds

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2011:

	2010	2011	% Change
<b>Assets</b>			
Cash	\$ 126,941	\$ 58,184	-54.2
Receivables (Net)	33,913	39,560	16.7
Restricted Assets	13,738	9,367	-31.8
Capital Assets, Net of Accumulated Depreciation	2,354,637	2,261,831	-3.9
<b>Total Assets</b>	<u>2,529,229</u>	<u>2,368,942</u>	-6.3
<b>Liabilities &amp; Net Assets</b>			
Accounts, Salaries, & Other Payables	10,663	13,695	28.4
Due to Other Funds	6,250	6,277	0.4
Matured Bonds & Interest Payable	25,821	25,031	-3.1
Bonds Payable	436,721	424,768	-2.7
<b>Total Liabilities</b>	<u>479,455</u>	<u>469,771</u>	-2.0
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	1,901,612	1,812,032	-4.7
Restricted	4,221	-0-	-100.0
Unrestricted	143,941	87,139	-39.5
<b>Total Net Assets</b>	<u>\$ 2,049,774</u>	<u>\$ 1,899,171</u>	-7.3

The following table represents a condensed Comparative Statement of Revenues, Expenses & Changes in Net Assets for the year ended June 30, 2011.

	2010	2011	% Change
<b>Beginning Net Assets</b>	\$ 1,991,827	\$ 2,049,774	2.9
<b>Operating Revenues</b>	785,329	622,781	-20.7
<b>Non-Operating Revenues</b>	97,790	24,979	-74.5
<b>Total Revenues</b>	<u>883,119</u>	<u>647,760</u>	-26.7
<b>Operating Expenses</b>	792,912	759,652	-4.2
<b>Non-Operating Expenses</b>	25,151	18,761	-25.4
<b>Total Expenses</b>	<u>818,063</u>	<u>778,413</u>	-4.8
<b>Excess(Deficiency) Before Transfers</b>	65,056	(130,653)	-349.1
<b>Transfers In (Out)</b>	(7,109)	(19,950)	180.6
<b>Increase (Decrease) in Net Assets</b>	<u>57,947</u>	<u>(150,603)</u>	359.9
<b>Ending Net Assets</b>	<u>\$ 2,049,774</u>	<u>\$ 1,899,171</u>	-7.3

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## MD&A

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### CAPITAL ASSETS

#### *Capital Assets – Governmental Funds*

At June 30, 2011, the Village had \$485,854 invested in capital assets, including the following:

Capital Assets at Year-End		
	2010	2011
Land (Not Depreciated)	\$ 12,000	\$ 12,000
Capital Assets	646,262	721,269
Accumulated Depreciation	(198,004)	(247,415)
Total	<u>\$ 460,258</u>	<u>\$ 485,854</u>

#### *Capital Assets – Enterprise Funds*

At June 30, 2011, the Village had \$2,261,831 invested in capital assets, including the following:

Capital Assets at Year-End		
	2010	2011
Land (Not Depreciated)	\$ 10,485	\$ 10,485
Gas System	1,618,381	1,618,381
Water System	811,378	811,378
Sewer System	1,650,998	1,651,885
Accumulated Depreciation	(1,736,605)	(1,830,298)
Total	<u>\$ 2,354,637</u>	<u>\$ 2,261,831</u>

### CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Michael Tubre at the Village Hall, phone number (318) 744-5794.

## **Basic Financial Statements**

**Village of Harrisonburg, Louisiana**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>Assets</b>			
Cash & Cash Equivalents	\$ 111,929	\$ 58,184	\$ 170,113
Receivables (Net of Allowances for Uncollectable)	6,630	39,560	46,190
Restricted Assets	-0-	9,367	9,367
Capital Assets (Net of Accumulated Depreciation)	485,854	2,261,831	2,747,685
<b>Total Assets</b>	<b>604,413</b>	<b>2,368,942</b>	<b>2,973,355</b>
<b>Liabilities</b>			
Accounts, Salaries, & Other Payables	6,183	13,695	19,878
Due to Other Funds	-0-	6,277	6,277
Matured Bonds & Interest Payable	-0-	25,031	25,031
Revenue Bonds & Notes Payable	-0-	424,768	424,768
<b>Total Liabilities</b>	<b>6,183</b>	<b>469,771</b>	<b>475,954</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	485,854	1,812,032	2,297,886
Restricted	-0-	-0-	-0-
Unrestricted	112,376	87,139	199,515
<b>Total Net Assets</b>	<b>\$ 598,230</b>	<b>\$ 1,899,171</b>	<b>\$ 2,497,401</b>

The accompanying notes are an integral part of this statement.

Statement B

Village of Harrisonburg, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2011

	PROGRAM REVENUES				Net (Expenses) Revenue	NET REVENUES (EXPENSES) & CHANGES OF PRIMARY	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants		GOVERNMENT Governmental Activities	Business Type Activities
<b>Governmental Activities</b>							
General Government	\$ (164,454)	\$ 55,605	\$ -0-	\$ 58,653	\$ -0-	\$ (50,196)	
Interest on Long-Term Debt	-0-	-0-	-0-	-0-	-0-	-0-	
<b>Total Governmental Activities</b>	<u>(164,454)</u>	<u>55,605</u>	<u>-0-</u>	<u>58,653</u>	<u>-0-</u>	<u>(50,196)</u>	
<b>Business Type Activities</b>							
Sewer, Water, & Gas	(759,652)	622,781	-0-	24,963	(111,908)		(111,908)
Interest on Long-Term Debt	(18,761)	-0-	-0-	-0-	(18,761)		(18,761)
<b>Total Business Type Activities</b>	<u>(778,413)</u>	<u>622,781</u>	<u>-0-</u>	<u>24,963</u>	<u>(130,669)</u>		<u>(130,669)</u>
<b>Total Primary Government</b>	<u>\$ (942,867)</u>	<u>\$ 678,386</u>	<u>\$ -0-</u>	<u>\$ 83,616</u>	<u>\$ (130,669)</u>		
						General Revenues	
						Taxes	-0-
						Fines	-0-
						Other	-0-
						Investment Earnings	16
						Transfers In (Out)	(19,950)
						<b>Total General Revenues</b>	<u>(19,934)</u>
						Change in Net Assets	(150,603)
						Net Assets - Beginning	2,049,774
						Net Assets - Ending	<u>1,899,171</u>
						\$	\$

The accompanying notes are an integral part of this statement.

**Village of Harrisonburg, Louisiana**  
**Balance Sheet, Governmental Funds**  
**June 30, 2011**

	<u>GENERAL</u>
<b>Assets</b>	
Cash & Cash Equivalents	\$ 111,929
Receivables (Net of Allowances for Uncollectables)	<u>6,630</u>
<b>Total Assets</b>	<u>118,559</u>
<b>Liabilities</b>	
Accounts, Salaries, & Other Payables	<u>6,183</u>
<b>Total Liabilities</b>	<u>6,183</u>
<b>Fund Balance</b>	
Unreserved, Unassigned	<u>112,376</u>
<b>Total Fund Balance</b>	<u>112,376</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u>\$ 118,559</u>

The accompanying notes are an integral part of this statement.

**Village of Harrisonburg, Louisiana**  
**Reconciliation of The Government Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Assets**  
**June 30, 2011**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$ 112,376
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	485,854
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Other	<u>-0-</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 598,230</u>

The accompanying notes are an integral part of this statement.

**Village of Harrisonburg, Louisiana**  
**Statement of Revenues, Expenditures &**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<u>GENERAL</u>
<b>Revenues</b>	
Fees & Charges	\$ 55,605
Taxes	57,843
Fines	1,667
Grants	58,653
Intergovernmental Revenues Other	14,758
<b>Total Revenues</b>	<u>188,526</u>
<b>Expenditures</b>	
General Government	65,941
Public Safety	4,874
Fire	10,920
Sanitation	33,308
Capital Outlay	75,007
<b>Total Expenditures</b>	<u>190,050</u>
<b>Excess (Deficiency) of Revenues Over Under Expenditures</b>	<u>(1,524)</u>
<b>Other Financing Sources (Uses)</b>	
Transfers In/(Out)	19,950
<b>Total Other Financing Sources (Uses)</b>	<u>19,950</u>
<b>Net Change in Fund Balance</b>	18,426
<b>Fund Balances - Beginning</b>	93,950
<b>Fund Balances - Ending</b>	<u>\$ 112,376</u>

The accompanying notes are an integral part of this statement.



**Village of Harrisonburg, Louisiana**  
**Reconciliation of The Statement of Revenues, Expenditures,**  
**& Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2011**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E	\$	18,426
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Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Purchases	75,007	
Depr. Expense	<u>(49,411)</u>	
		25,596

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt Issued	-0-	
Principal Paid	<u>-0-</u>	
		<u>-0-</u>

Changes in Net Assets of Governmental Activities, statement B	\$	<u>44,022</u>
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The accompanying notes are an integral part of this statement.

**Village of Harrisonburg, Louisiana**  
**Statement of Net Assets, Proprietary Funds**  
**June 30, 2011**

	<b>ENTERPRISE FUNDS</b>
<b>Current Assets</b>	
Cash & Cash Equivalents	\$ 58,184
Receivables (Net of Allowances For Uncollectibles)	39,560
<b>Total Current Assets</b>	<u>97,744</u>
<b>Non-Current Assets</b>	
Restricted Assets	9,367
Capital Assets (Net of Accumulated Depreciation)	2,261,831
<b>Total Non-Current Assets</b>	<u>2,271,198</u>
<b>Total Assets</b>	<u>2,368,942</u>
<b>Current Liabilities</b>	
Accounts, Salaries, & Other Payables	13,695
Due To Other Funds	6,277
<b>Total Current Liabilities</b>	<u>19,972</u>
<b>Current Liabilities Payable From Restricted Assets</b>	
Matured Bonds & Interest Payable	25,031
<b>Total Current Liabilities Payable From Restricted Assets</b>	<u>25,031</u>
<b>Total Current Liabilities</b>	<u>45,003</u>
<b>Non Current Liabilities</b>	
Revenue Bonds & Notes Payable	424,768
<b>Total Non Current Liabilities</b>	<u>424,768</u>
<b>Total Liabilities</b>	<u>469,771</u>
<b>Net Assets</b>	
Invested in Capital Assets Net of Related Debt	1,812,032
Restricted for Construction	-0-
Unrestricted	87,139
<b>Total Net Assets</b>	<u>\$ 1,899,171</u>

The accompanying notes are an integral part of this statement.

**Village of Harrisonburg, Louisiana**  
**Statement of Revenues, Expenses & Changes in Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<b>ENTERPRISE FUNDS</b>
<b>Operating Revenues</b>	
Charges for Services:	
Water Sales	\$ 87,754
Sewer Charges	54,498
Gas Sales	480,529
<b>Total Operating Revenues</b>	<u>622,781</u>
<b>Operating Expenses</b>	
Cost of Sales & Services	302,538
Administration	363,421
Depreciation	93,693
<b>Total Operating Expenses</b>	<u>759,652</u>
<b>Operating Income (Loss)</b>	<u>(136,871)</u>
<b>Nonoperating Revenue (Expenses)</b>	
Capital Grants	24,963
Interest Earnings	16
Interest Expense	(18,761)
<b>Total Nonoperating Revenue (Expenses)</b>	<u>6,218</u>
<b>Income Before Contributions &amp; Transfers</b>	<u>(130,653)</u>
Transfers In/(Out)	<u>(19,950)</u>
<b>Change in Net Assets</b>	<u>(150,603)</u>
<b>Total Net Assets - Beginning</b>	<u>2,049,774</u>
<b>Total Net Assets - Ending</b>	<u>\$ 1,899,171</u>

The accompanying notes are an integral part of this statement.

**Village of Harrisonburg, Louisiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2011**

	<b>ENTERPRISE FUNDS</b>
<b>Cash Flows From Operating Activities</b>	
Receipts From Customers & Users	\$ 617,134
Payments to Suppliers	(299,979)
Payments to Employees	(363,421)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(46,266)</u>
<b>Cash Flows From NonCapital Financing Activities</b>	
Transfers to Other Funds	(19,950)
Due to Other Funds	27
<b>Net Cash Provided (Used) by NonCapital Financing Activities</b>	<u>(19,923)</u>
<b>Cash Flows From Capital &amp; Related Financing Activities</b>	
Capital Grants	24,963
Principal on Capital Debt	(12,270)
Interest Paid on Capital Debt	(18,761)
Purchase of Capital Assets	(887)
<b>Net Cash Provided (Used) by Capital &amp; Related Financing Activities</b>	<u>(6,955)</u>
<b>Cash Flows From Investing Activities</b>	
Restricted Assets	4,371
Interest and Dividends Received	16
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>4,387</u>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	(68,757)
<b>Cash &amp; Cash Equivalents, Beginning of Year</b>	<u>126,941</u>
<b>Cash &amp; Cash Equivalents, End of Year</b>	<u>58,184</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	(136,871)
Depreciation Expense	93,693
(Increase) Decrease in Accounts Receivable	(5,647)
Increase (Decrease) in Accounts Payables	3,032
Increase (Decrease) in Accrued Interest	(473)
<b>Total Adjustments</b>	<u>90,605</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 46,266</u>

The accompanying notes are an integral part of this statement.

**Village of Harrisonburg, Louisiana**  
**Statement of Fiduciary Net Assets**  
**June 30, 2011**

	<b>PAYROLL AGENCY FUND</b>
<b>Assets</b>	
Cash & Cash Equivalents	\$ 1,576
Due From Other Funds	<u>6,277</u>
<b>Total Assets</b>	<u>7,853</u>
<b>Liabilities</b>	
Accrued Payroll & Taxes	<u>7,853</u>
<b>Total Liabilities</b>	<u>7,853</u>
<b>Net Assets</b>	
Held in Trust For	\$ <u>-0-</u>

The accompanying notes are an integral part of this statement.

**Notes To The Basic  
Financial Statements**

## **VILLAGE OF HARRISONBURG, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Village of Harrisonburg conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

##### **A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## **VILLAGE OF HARRISONBURG, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED**

#### **B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary funds:

- Water Fund
- Sewer Fund
- Gas Fund

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the



# VILLAGE OF HARRISONBURG, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues are utility billings. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Village has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### C. CASH, CASH EQUIVALENTS, & INVESTMENTS – (C.D.'S IN EXCESS OF 90 DAYS)

#### *Deposits*

It is the Village's policy for deposits (demand checking accounts, savings accounts, and certificate of deposits) to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village's deposits are categorized to give an indication of the level of risk assumed by the Village at year end. The categories are describes as follows:

- *Category 1* – Insured or collateralized with securities held by the Village or by its agent in the Village's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.
- *Category 3* – Uncollateralized.

	Southern Heritage	Catahoula LaSalle	Concordia Bank	Total
Bank Balances	\$ 145,226	\$ 24,423	\$ 21,172	\$ 190,821
<i>Secured As Follows</i>				
FDIC ( <i>Category 1</i> )	145,226	24,423	21,172	190,821
Securities ( <i>Category 2</i> )	-0-	-0-	-0-	-0-
Uncollateralized ( <i>Category 3</i> )	-0-	-0-	-0-	-0-
Total	\$ 145,226	\$ 24,423	\$ 21,172	\$ 190,821

Deposits were fully secured as of June 30, 2011.

# VILLAGE OF HARRISONBURG, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### CONTINUED

#### D. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

#### E. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

Uncollectable amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectables of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

	General Fund	Enterprise Funds	Total
Accounts Receivable	\$ 6,630	\$ 41,538	\$ 48,168
Allowances for Bad Debt	-0-	(1,978)	(1,978)
Total	\$ 6,630	\$ 39,560	\$ 46,190

#### 2. AD VALOREM TAXES

For the year ended June 30, 2011, taxes of 7.05 mills were levied on property with assessed valuations totaling, \$1,296,310 and were dedicated as follows:

General Corporate Purposes	7.05
----------------------------	------

Total taxes levied were \$8,688. Taxes are due October 15 of each year and become delinquent January 1.

#### 3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at June 30, 2011:

	Sewer	Water	Gas	Total
Customer Deposits	\$ -0-	\$ -0-	\$ 1,586	\$ 1,586
Sewer Revenue Reserve	2,672	-0-	-0-	2,672
Bond Reserve Account	-0-	1,975	-0-	1,975
Depreciation Reserve Account	-0-	2,125	-0-	2,125
Revenue Sinking	-0-	1,009	-0-	1,009
Total	\$ 2,672	\$ 5,109	\$ 1,586	\$ 9,367

# VILLAGE OF HARRISONBURG, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

### 4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of enterprise fund plant and equipment at June 30, 2011, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Gas System*	\$ 1,628,381	\$ -0-	\$ -0-	\$ 1,628,381
Water System*	811,863	-0-	-0-	811,863
Sewer System*	1,650,998	887	-0-	1,651,885
<b>Total</b>	<b>4,091,242</b>	<b>887</b>	<b>-0-</b>	<b>4,092,129</b>
Less: Accumulated Depreciation	(1,736,605)	(93,693)	-0-	(1,830,298)
<b>Net</b>	<b>\$ 2,354,637</b>	<b>\$ (92,806)</b>	<b>\$ -0-</b>	<b>\$ 2,261,831</b>

\*Land in the amount of \$10,000 in the Gas System is not being depreciated.

\*Land in the amount of \$485 in the Water System is not being depreciated.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles and Equipment	5-10 years
Gas, Water, & Sewer Systems	40 years

A portion of the water system, known as Bird's Creek, is pledged as security on a \$30,000 promissory note.

### 5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets*	\$ 658,262	\$ 75,007	\$ -0-	\$ 733,269
Accumulated Depreciation	(198,004)	(49,411)	-0-	(247,415)
<b>Net Fixed Assets</b>	<b>\$ 460,258</b>	<b>\$ 25,596</b>	<b>\$ -0-</b>	<b>\$ 485,854</b>

\*Land in the amount of \$12,000 is included in the fixed assets and is not being depreciated.

Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives as follows:

Vehicles and Equipment	5-10 years
Parking Lot	20 years

# VILLAGE OF HARRISONBURG, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

### 6. CHANGES IN LONG-TERM DEBT

The following is a summary of revenue bond transactions and general obligation debt transactions of the Village of Harrisonburg for the year ended June 30, 2011.

	General Obligation	Water Revenue Bonds	Water Birds Creek Bond	Sewer Revenue Bonds	Total
Bonds & Notes Payable - Beginning	\$ -0-	\$ 93,588	\$ 1,237	\$ 353,248	\$ 448,073
Additions	-0-	-0-	-0-	-0-	-0-
Principal Retirements	-0-	(7,000)	(1,237)	(4,034)	(12,271)
Total	\$ -0-	\$ 86,588	\$ -0-	\$ 349,214	\$ 435,802

Bonds payable at June 30, 2011, are comprised of the following issues:

#### Revenue Bonds

\$200,000 of 2008 Sewer Revenue Bonds due annually in installments of \$10,868.62 starting 10/21/09 and ending 10/21/48; interest at 4.5%.	\$ 196,717
\$156,000 of 2008 Sewer Revenue Bonds due annually in installments of \$7,447.33 starting 10/21/09 and ending 10/21/48; interest at 3.625%.	152,497
\$ 202,600 of 1980 Water Revenue Bonds due annually in installments of \$1,000 to \$10,600 through July 22, 2020; interest at 5 percent due annually.	86,588
\$30,000 1973 Water Revenue Fund Bond due in annual installments of \$1,763 (includes principal and interest) through August 3, 2010; interest 5%.	-0-
<b>Total</b>	<b>\$ 435,802</b>

**VILLAGE OF HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

The annual requirements to amortize all debt outstanding as of June 30, 2011, including interest payments, are as follows:

<b>Year Ending June 30,</b>	<b>General Obligation</b>	<b>Revenue</b>	<b>Total</b>
2012	\$ -0-	\$ 22,349	\$ 22,349
2013	-0-	22,999	22,999
2014	-0-	22,599	22,599
2015	-0-	22,199	22,199
2016	-0-	22,799	22,799
2017-2021	-0-	99,413	99,413
2022-2026	-0-	54,343	54,343
2027-2031	-0-	91,580	91,580
2032-2036	-0-	91,580	91,580
2037-2041	-0-	91,580	91,580
2042-2046	-0-	91,580	91,580
2047-2052	-0-	54,949	54,949
<b>Total</b>	<b>\$ -0-</b>	<b>\$ 687,970</b>	<b>\$ 687,970</b>

**7. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE**

The Village of Harrisonburg has two issues of water revenue bonds, three issues of sewer revenue bonds, and one water revenue note outstanding. The flow of funds and restrictions on use are governed by the bond indentures and the note resolution, the terms of which are summarized as follows:

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.

- (c) For the maintenance of a reserve account, by making designated payments as follows:

Water Fund - There should be deposited five percent (5%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930.

Sewer Fund - There should be deposited ten percent (10%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$26,500.

- (d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

Water Fund - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.

## VILLAGE OF HARRISONBURG, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

Sewer Fund - There should be deposited one hundred fifty-three dollars (\$153.00) per month commencing with the month following completion of the improvements to the system.

The Village records restricted assets to indicate that a portion of its net assets balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

#### *Restricted for Debt Service*

Certain assets have been restricted in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

#### *Restricted for Construction*

Certain assets have been restricted for construction activities.

### 8. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 9. ELECTED OFFICIAL'S SALARIES

Name	Title	Annualized Salary
Michael Tubre	Mayor	\$ 6,000
Harold Sones	Alderman	4,800
Greg Terry	Alderman	4,800
Louise Hatten	Alderman	4,800
Lyndell Atkins	Chief of Police	\$ 32,510

### 10. DUE FROM (TO) OTHER FUNDS

	Due From Other Funds	Due To Other Funds
Enterprise Fund	\$ -0-	\$ 6,277
Agency Fund	6,277	-0-
Total	\$ 6,277	\$ 6,277

Due From/To are the result of accrued payroll and related expenses.

**VILLAGE OF HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**11. TRANSFERS BETWEEN FUNDS**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers In (Out)	\$ 19,950	\$ (19,950)

Transfers were made for operational purposes.

**12. PAYROLL AGENCY FUND TRANSACTIONS**

	<u>Payroll Agency Fund</u>
Additions	\$ 310,872
Deductions	<u>(310,872)</u>
Change in Net Assets	-0-
Net Assets – Beginning	-0-
Net Assets – Ending	<u>\$ -0-</u>

**Required Supplemental Information**



**Village of Harrisonburg, Louisiana**  
**Statement of Revenues, Expenditures, & Changes in Fund Balance**  
**Budget & Actual**  
**General Fund**  
**For the Year Ended June 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ 205,663	\$ 205,663	\$ 188,526	\$ (17,137)
<b>Expenditures</b>	\$ 196,762	\$ 196,762	\$ (190,050)	\$ 6,712
<b>Excess of Revenues Over (Under) Expenditures</b>			(1,524)	
<b>Other Financing Sources (Uses)</b>				
Transfers			19,950	
<b>Total Other Financing Sources (Uses)</b>			19,950	
<b>Net Change in Fund Balance</b>			18,426	
<b>Fund Balance at Beginning of Year</b>			93,950	
<b>Fund Balance at End of Year</b>			\$ 112,376	

The accompanying notes are an integral part of this statement.

## **Other Reports**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Michael Tubre, Mayor  
& Members of the Village Council  
Harrisonburg, Louisiana

We have audited the accompanying basic financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Village of Harrisonburg's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Harrisonburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Harrisonburg's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (2011-I-1 Small Size of Entity, 2011-I-2 Adoption of Budget). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village of Harrisonburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, except for the following items as described in the Schedule of Findings and Questioned Costs.

#### **2011-C-1 Bond Reserve Accounts Required by Bond Covenants**

#### **2011-C-2 Budget Variances**

The Village of Harrisonburg's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village of Harrisonburg's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

*John R. Vercher PC*

December 5, 2011

Jena, Louisiana

**VILLAGE OF HARRISONBURG  
HARRISONBURG, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2011**

We have audited the basic financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2011, resulted in an unqualified opinion.

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**Section I - Summary of Auditor's Results**

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**a. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses    ☐ Yes    ☒ No    Other Conditions    ☒ Yes    ☐ No

Compliance

Compliance Material to Financial Statements    ☒ Yes    ☐ No

**b. Federal Awards (Not Applicable)**

Internal Control

Material Weaknesses    ☐ Yes    ☐ No    Other Conditions    ☐ Yes    ☐ No

Type of Opinion On Compliance    Unqualified ☐    Qualified ☐  
For Major Programs    Disclaimer ☐    Adverse ☐

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes    ☐ No

**c. Identification Of Major Programs:**

**CFDA Number (s)**

**Name Of Federal Program (or Cluster)**

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Dollar threshold used to distinguish between Type A and Type B Programs:    \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?    ☐ Yes    ☐ No

**VILLAGE OF HARRISONBURG  
HARRISONBURG, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2011**

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**Section II - Financial Statement Findings**

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**2011-C-1 Bond Reserve Accounts Required by Bond Covenants**

**Condition:** The village did not maintain its bond reserve accounts as required by its bond indentures.

**Criteria:** The Village of Harrisonburg has two issues of water revenue bonds and three issues of sewer revenue bonds outstanding. The flow of funds and restrictions on use are governed by the bond indentures, the terms of which are summarized as follows:

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.
- (c) For the maintenance of a reserve account, by making designated payments as follows:

Water Fund - There should be deposited five percent (5%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930.

Sewer Fund - There should be deposited ten percent (10%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$26,500.

- (d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

Water Fund - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.

Sewer Fund - There should be deposited one hundred fifty-three dollars (\$153.00) per month commencing with the month following completion of the improvements to the system.

**Cause of Condition:** Not depositing money into the reserve accounts.

**Effect of Condition:** Noncompliance with bond indentures.

**Recommendation:** We recommend that management begin to maintain its reserve accounts in accordance with bond indenture requirements.

**Client Response and Corrective Action:** We discussed this with the Mayor, Council and Village Clerk and they agreed to begin maintaining the Bond reserve accounts. The Village will begin to maintain its reserve accounts in accordance with bond indenture requirements.

**VILLAGE OF HARRISONBURG  
HARRISONBURG, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2011**

**Contact Person:** Michael Tubre

**Anticipated Completion Date:** June 30, 2012

**2011-C-2 Budget Variances**

**Condition:** The Village had an unfavorable revenue variance of \$17,137 or 8.3% in the general fund

**Criteria:** The budget act requires that governments amend their budgets when revenues fall below budgeted amounts by more than 5% or when expenditures exceed 5% of appropriations.

**Cause of Condition:** Not amending budget before year end.

**Effect of Condition:** Violation of the Budget Act.

**Recommendation:** The budget should be amended when there is an unfavorable variance of more than 5%.

**Client Response and Corrective Action:** Discussed with the Village officials at the monthly meeting. The Village will begin monitoring revenues and expenditures to determine if the budget should be amended.

**Contact Person:** Michael Tubre

**Anticipated Completion Date:** June 30, 2012

**2011-I-1 Small Size of Entity**

**Condition:** Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

**Criteria:** Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

**Cause of Condition:** Small size of entity and lack of employees.

**Effect of Condition:** Significant deficiency in internal controls.

**VILLAGE OF HARRISONBURG  
HARRISONBURG, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2011**

**Recommendation:** We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**Client Response and Corrective Action:** Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**Contact Person:** Michael Tubre

**Anticipated Completion Date:** June 30, 2012

**2011-I-2 Adoption of Budget**

**Condition:** The original budget adoption was documented in the Village's minutes, but the amended budget adoption for 2011 was not documented in the Village's minutes.

**Criteria:** Budget adoptions and approvals should be documented in the Village's minutes of meetings.

**Cause of Condition:** Oversight by Village personnel.

**Effect of Condition:** No documentation of budget approvals.

**Recommendation:** The Village should document in its minutes of meetings the adoption and approval of the original budget and any subsequent amendments to the budget.

**Client Response and Corrective Action:** The Village will document in its minutes of meetings the adoption and approval of the original budget and any subsequent amendments to the budget.

**Contact Person:** Michael Tubre

**Anticipated Completion Date:** June 30, 2012

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**Section III – Federal Awards Findings and Questioned Costs**

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Not applicable.



## **VILLAGE OF HARRISONBURG, LOUISIANA**

### **MANAGEMENT LETTER COMMENTS**

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During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

#### **CURRENT YEAR MANAGEMENT LETTER COMMENTS**

There are no current year management letter comments.

**VILLAGE OF HARRISONBURG  
HARRISONBURG, LOUISIANA  
JUNE 30, 2011**

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**MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS**

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Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Village of Harrisonburg, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2010.

**Prior Year Findings**

**2010-C-2 Budget Variances (Unresolved)**

***Finding:*** The Village had an unfavorable expenditure variance of \$197,539 or 100% in the general fund.

***Village's Corrective Action:*** The Village began to monitor revenues and expenditures to determine if the budget should be amended.

**2010-I-1 Small Size of Entity (Unresolved)**

***Finding:*** Because of the small size of the Village and the lack of separation of duties, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

***Village's Corrective Action:*** Management continued to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, and depositing of funds collected.

**2010-C-1 Bond Reserve Accounts Required by Bond Covenants (Unresolved)**

***Finding:*** The village did not maintain its bond reserve accounts as required by its bond indentures.

***Village's Corrective Action:*** The Village began to maintain its reserve accounts in accordance with bond indenture requirements.